

GEORGE B. FREEHILL  
WILLIAM L. JUSKA, JR.  
JAMES L. ROSS\*  
ERIC E. LENCK  
JOHN J. WALSH\*  
PATRICK J. BONNER\*  
PETER J. GUTOWSKI  
MARK F. MULLER  
WAYNE D. MEEHAN\*  
DON P. MURNANE, JR.\*  
THOMAS M. RUSSO  
THOMAS M. CANEVARI\*  
MICHAEL FERNANDEZ\*  
JOHN F. KARPOUSIS\*  
MICHAEL E. UNGER\*  
WILLIAM J. FALLAS\*  
GINA M. VENEZIA\*  
LAWRENCE J. KAHN\*  
BARBARA G. CARNEVALE\*  
MANUEL A. MOLINA  
JUSTIN T. NASTRO\*  
PAMELA L. SCHULTZ\*\*  
DANIEL J. FITZGERALD\*  
MICHAEL C. ELLIOTT\*  
JAN P. GISHOLT\*

\* ALSO ADMITTED IN NEW JERSEY  
\* ALSO ADMITTED IN CONNECTICUT  
\* ALSO ADMITTED IN WASHINGTON D.C.  
\* ALSO ADMITTED IN LOUISIANA

**LAW OFFICES OF  
FREEHILL HOGAN & MAHAR LLP**  
80 PINE STREET  
NEW YORK, N.Y. 10005-1750

TELEPHONE (212) 425-1900

FACSIMILE (212) 425-1901

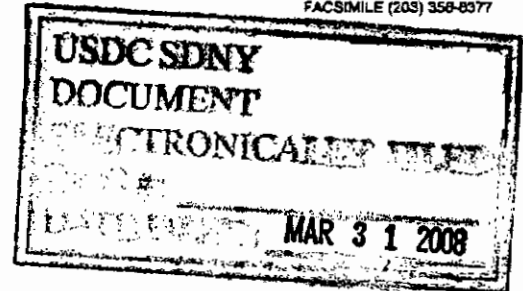
E-MAIL: [reception@freehill.com](mailto:reception@freehill.com)

[www.freehill.com](http://www.freehill.com)

NEW JERSEY OFFICE  
548 SUMMIT AVENUE  
JERSEY CITY, N.J. 07306-2701  
TELEPHONE (973) 623-5514  
FACSIMILE (973) 623-3813

CONNECTICUT OFFICE  
23 OLD KINGS HIGHWAY SOUTH  
DARIEN, CT 06820-4638  
TELEPHONE: (203) 921-1913  
FACSIMILE (203) 358-8377

March 31, 2008



Our Ref: 584-07/PJG

Via fax - 212 805-0426

Honorable Laura T. Swain  
United States District Judge  
Daniel Patrick Moynihan  
United States Courthouse  
500 Pearl Street, Room 755  
New York, New York 10007

**MEMO ENCLOSED**

Re: Double Happiness Shipping Company Limited  
v. Cosmotrade Exports S.A.  
07 CV 4615 (LTS)

Status Report on Motion for Counter Security

Dear Judge Swain:

We represent the defendant in the captioned action and write to update the Court on the status of our motion for counter-security. At the outset, however, we apologize to the Court for the delay in providing this report but have been waiting for news from the ancillary London arbitration and only received that late last week.

Insofar as the status is concerned, and as the Court may recall, the plaintiff commenced this action and obtained security for its charter party claims which are subject to London arbitration. Earlier this year, we filed an appearance on behalf of the defendant and made an application for counter-security for our client's claims. That motion was put on the back burner, so to speak, because shortly after it was filed, the plaintiff made an application in the London arbitration proceedings in respect to our

March 31, 2007

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claims for a form of summary treatment/determination. Since, we were advised, the same argument as was made there was going to be advanced in response to our application for counter security, the thought was that instead of dealing with that same issue on both sides of the ocean, it would be judicially economical to let the panel in London deal with it, and then be guided here by the outcome. It was on that basis that we agreed with counsel for the plaintiff here in New York (Blank, Rome) to hold our motion in abeyance while the UK panel dealt with this preliminary application being made by the plaintiff in England, and that was endorsed by Your Honor.

Last week, we were advised that the panel ruled against the plaintiff in London in the sense that it declined to make any summary determination on our client's claims. Instead, the panel ruled that the case would proceed as any other arbitration, our client's counterclaims would be entertained and a final decision would be made at the end of the case on all issues.

Under these circumstances, we contacted counsel for the plaintiff to address a schedule for the completion of the submission of the motion papers in our application. Counsel advise that they are now taking instructions from their client as to how they will proceed. In view of this, and on the off-chance plaintiff will now agree to post the counter security, we write to suggest that the court restore our motion to the active calendar but then give us until week's end to advise on a schedule for the completion of submission of opposition and reply papers, assuming the motion need be heard. Obviously, if plaintiff is willing to post the counter security, it will moot the motion and we will so advise Your Honor. If not, however, we will report to the Court by this Friday with a proposed final schedule.

We appreciate the Court's attention to the foregoing.

Respectfully submitted,  
FREEHILL HOGAN & MAHAR LLP

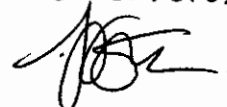
  
Peter J. Gutowski

PJG:clc

cc: Blank Rome LLP  
The Chrysler Building  
405 Lexington Avenue  
New York, NY 10174-0208  
Attn: Thomas H. Belknap, Jr., Esq.  
Via Email

By Friday April 4, 2008,  
the parties shall propose  
a briefing schedule if  
necessary. The matter  
remains on suspension  
pending the April 4th  
communication.

SO ORDERED.

 3/31/08